GOVERNMENT OF INDIA
SMALL SCALE INDUSTRIES
LOK SABHA

UNSTARRED QUESTION NO:3196
ANSWERED ON:12.03.2003
CAPITAL REQUIRMENT OF SSI UNITS
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Will the Minister of SMALL SCALE INDUSTRIES be pleased to state:

(a) whether the financial institutions of the country particularly the banks are unable to meet the capital requirements of industrial units of the small scale sector;

(b) if not, the current status in this regard;

(c) whether there has been a decline in the loan amount given by the banks to this sector;

(d) if so, the facts thereof;

(e) whether the percentage of loans to all small scale sector out of the total amount of bank loans is expected to be lower in 2002-03 as compared to 1999-00; and

(f) if so, the reasons therefor?

Answer

MINISTER OF SMALL SCALE INDUSTRIES AND MINISTER OF DEVELOPMENT OF NORTH EASTERN REGION (P. THAKUR)

(a): The Banks have comfortable liquidity for lending to the industrial units of small scale sector to meet their credit requirements provided the projects are both viable and bankable.

(b) to (f): The flow of credit to SSI sector from the PublicSector Banks has gone up from Rs. 38,109 crores in March, 1998 toRs. 49,743 crores in March, 2002. However, as per the information received from the Reserve Bank of India the percentage of SSI advances to Net Bank Credit (NBC) shows a declining trend from15.6 per cent at the end of March, 2000 to 12.5 per cent at the end of March, 2002 (latest available). This decline could be attributed to the overall increase in the net bank credit, technical write offs of bad debts to SSI borrowers by the banks,and recoveries made under the special scheme of compromise settlements of NPAs under SSI segment, increase in the advances to other areas under priority sector lending, etc.